



NASFAA Authorized Event
Overview of Professional Judgment
New Aid Officer Training – October 5, 2023

**National Association of Student
Financial Aid Administrators**

**Overview of
Professional Judgment**
A NASFAA Authorized Event*

**Presented by
Dana Kelly, NASFAA**
New Aid Officer Training
November 7, 2023

 **NASFAA**
NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

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1

Agenda

- What is Professional Judgment?
- PJ and Special Circumstances
- PJ and Unusual Circumstances
- PJ and Loan Origination



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2



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Statutory Authority

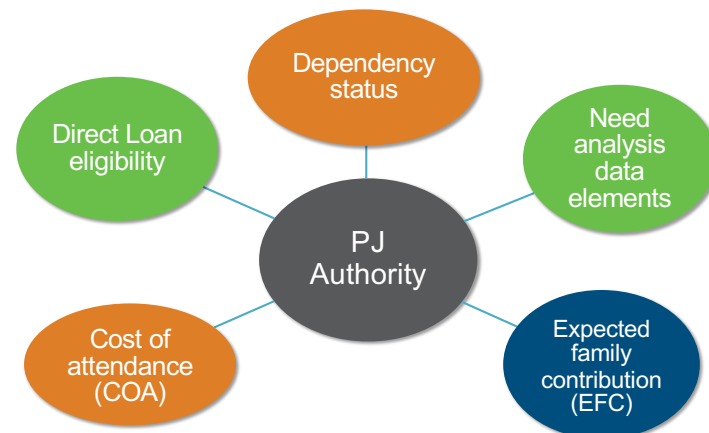
HEA Section 479A establishes authority for the financial aid administrator to exercise professional judgment (PJ) discretion to make adjustments on a case-by-case basis in a number of areas when special or unusual circumstances exist.



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Professional Judgment

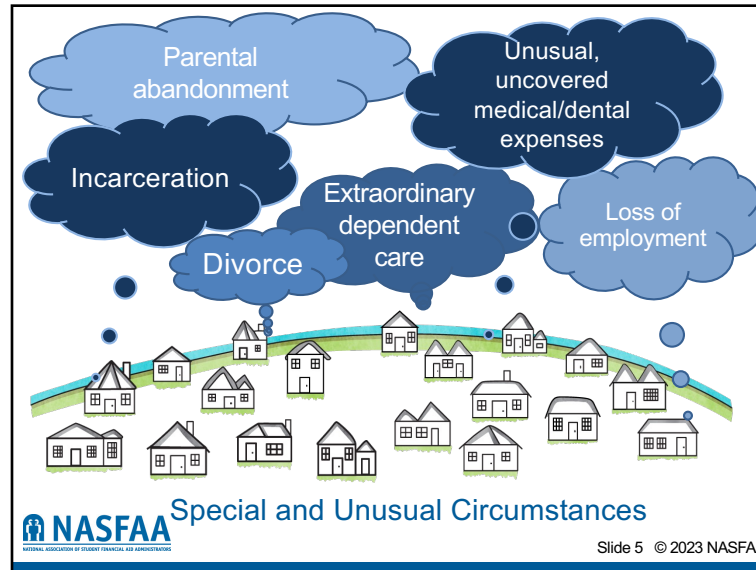


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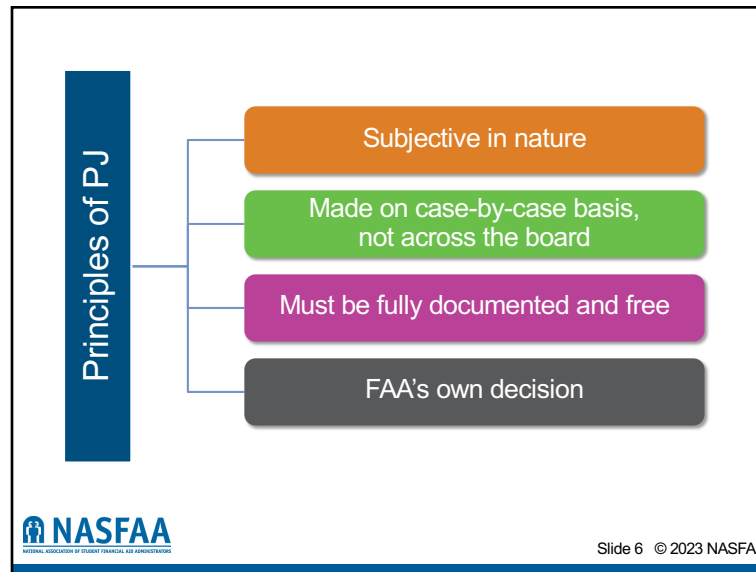
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5



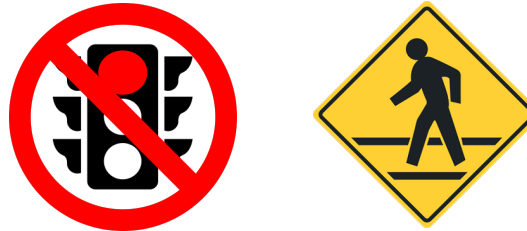
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PJ Policies and Procedures

- Cannot maintain a policy of denying all professional judgment requests



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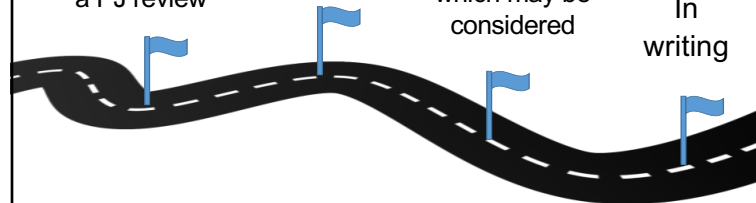
PJ Policies and Procedures

Framework and guidelines for identifying circumstances that may trigger a PJ review

Road map for FAA

Provide examples of circumstances which may be considered

In writing



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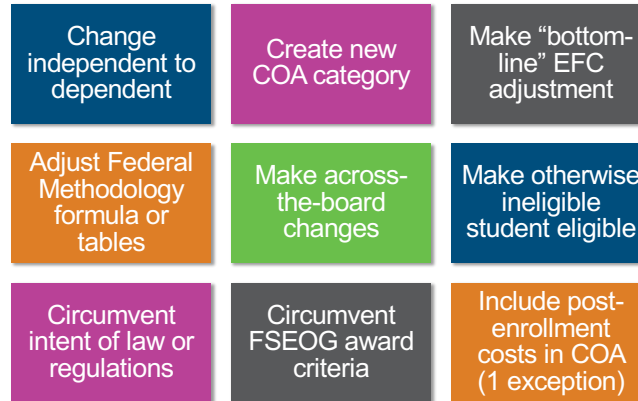


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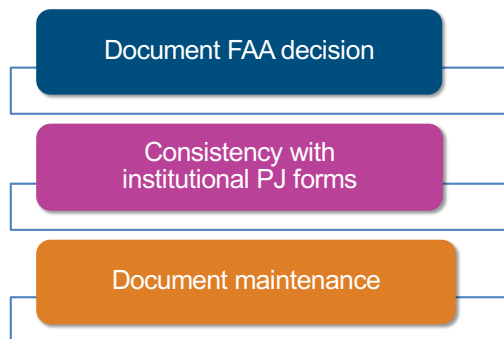
PJ Cannot Be Used



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PJ Documentation



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FAFSA Processing

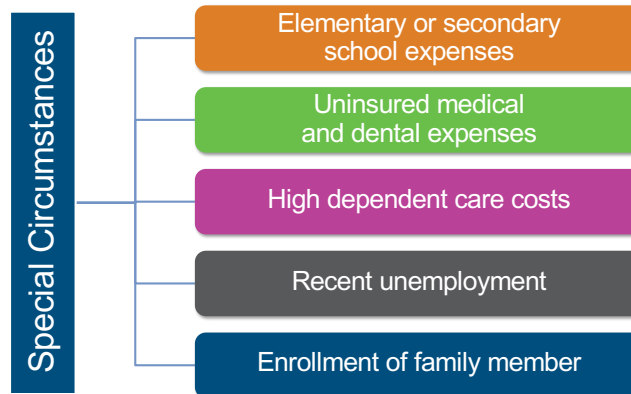
- FAFSA available on October 1
- “Prior-prior year” data collected
 - 2023-24 FAFSA collects 2021 tax and income information
- May use PJ to adjust income or tax items to reflect any 12-month period



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Need Analysis



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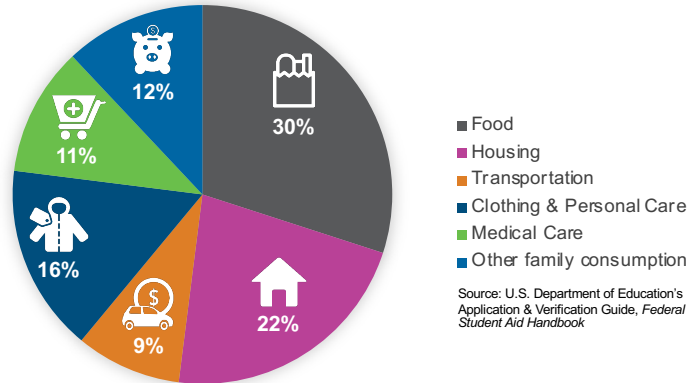


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Income Protection Allowance



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Alternative-Year Income

- Use actual or estimated income for calendar year, award year, or another 12-month period
- Under HEROES, schools are encouraged to use PJ to determine need for affected individuals
- Applying PJ during the implementation of prior-prior year is described in GEN-16-03



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Example: Athena

- Returning to college
- Worked full time during 2021
- Leaving her job in August 2023
- Income for 2023 will be significantly less than for 2021



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Example: Athena

Questions:

- Would it be reasonable to use EFC based on 2022 income or on her projected income? Why?
- If projected income, would you use an estimate of 2023 calendar year income or income during 2023-24 award year? Why?



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Cost of Attendance Adjustments

- Address special circumstances
- Must be made within the COA categories defined in law



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COA Adjustments for Living Expenses

- One approach is to compare expenses to the IPA
 - Adjust for full amount of expenses or only for amounts above the IPA
- Adjust either the COA or data elements that affect the EFC, not both
 - Relevant and allowable COA components only



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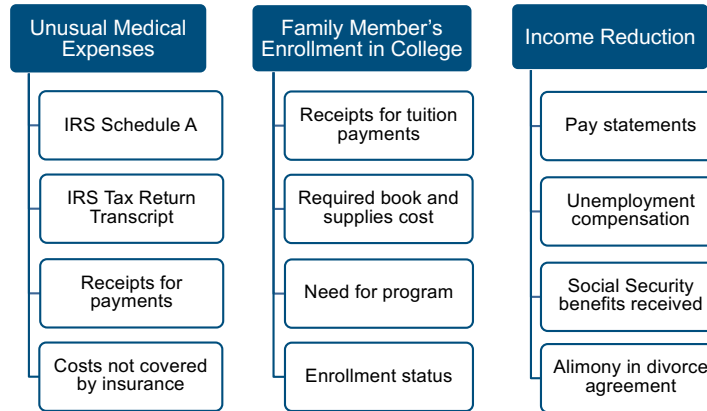


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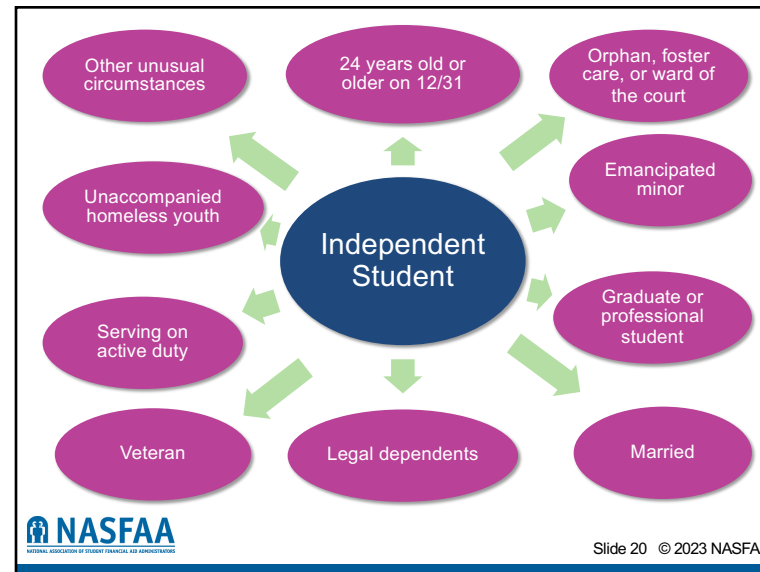
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Documentation



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Application

Dependency
override



- Parents refuse to contribute to student's educational costs
- Parents unwilling to provide information on FAFSA or for verification purposes
- Parents do not claim student as a dependent for income tax purposes
- Student demonstrates total self-sufficiency








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Dependency Status

Documentation

	Signed statement from student
	Letters from knowledgeable third parties
	Student's IRS tax return or tax transcript
	Documented interview between student and FAA
	Court documents



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Example: Nadiya



- 18-year-old refugee from Ukraine
- Arrived in the United States without her parents who are in Ukraine
- Lived with her aunt and uncle who are U.S. citizens
- Contact with parents are limited and they do not support her financially



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Example: Nadiya

Questions:

- Dependent or independent?
- Whose information belongs on her FAFSA?
- How does her parents' location and contact information factor in?
- Is her relationship with her parents a factor?
- What documentation would you request?



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Overview of Professional Judgment
New Aid Officer Training – October 5, 2023

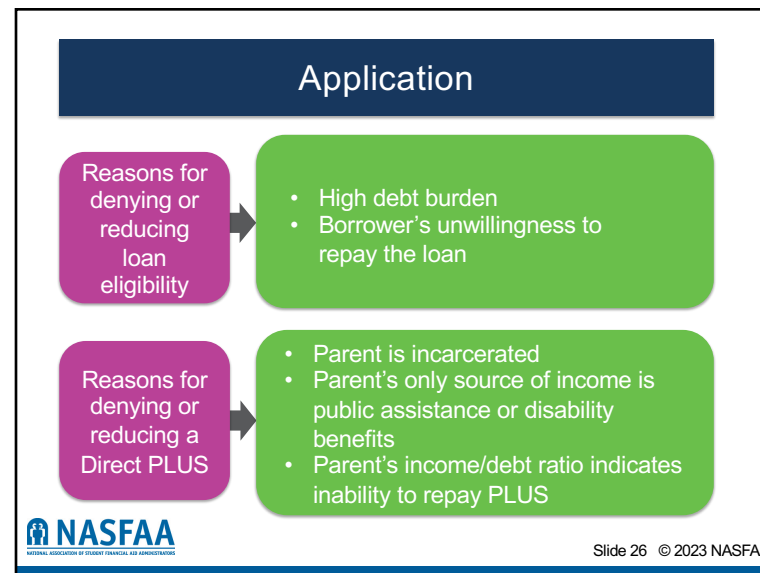
Denial or Reduction of Direct Loan Eligibility

- Case-by-case basis
- Document the decision
- Notify borrower, in writing
- Do not discriminate on the basis of race, national origin, religion, sex, marital status, age, disability status, or income



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New Aid Officer Training – October 5, 2023

Documentation

Borrower	Third-Party
Conversation with the borrower	NSLDS shows high debt burden
Signed statement from borrower of unwillingness to repay	Documentation from career services office showing average starting salaries in various fields
Documentation of previous history of unwillingness to repay	



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Direct Unsubsidized Loan for Dependent Student without Parental Data

- Option available to students whose parents ended financial support or refuse to file the FAFSA
- Parent refusal to file the FAFSA is not grounds for a dependency override

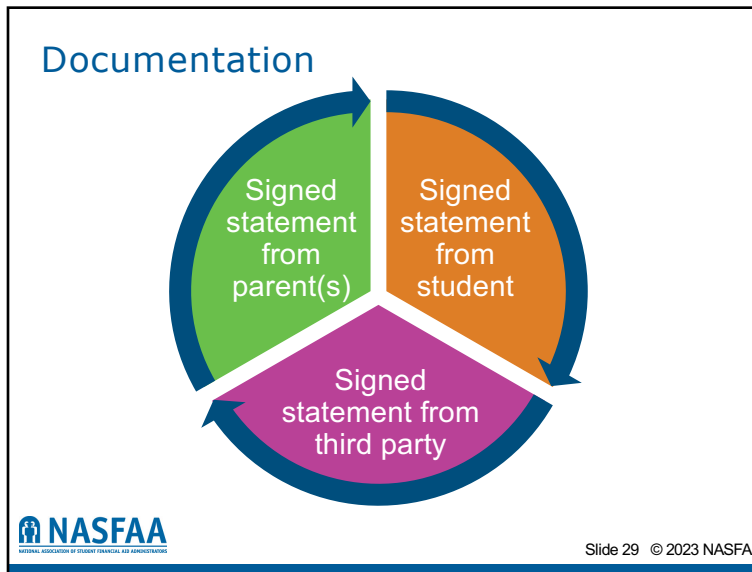


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29

FAFSA Simplification
Changes Impacting
Professional Judgment

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Definitions

- **Unusual Circumstances**

- Refers to conditions that justify an aid administrator making an adjustment to a student's dependency status

- **Special Circumstances**

- Refers to the financial situations that justify an aid administrator adjusting data elements in the COA or EFC calculation (*SAI in 2024-2025*)



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Unusual Circumstances

- FAA authority to determine independent status based on unusual circumstances must be based on instances in which the student is unable to contact a parent or where contact with parents poses a risk to the student.
 - Such as:
 - Human trafficking
 - Being legally granted refugee or asylum status
 - Parental abandonment or estrangement
 - Student or parental incarceration



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Overview of Professional Judgment
New Aid Officer Training – October 5, 2023

Dependency Overrides

- FAAs now **required** to presume any student who received a dependency override in a preceding award year to be independent for each subsequent award year at the same institution unless the student informs the institution that their circumstances have changed or the institution has conflicting information about the student's independence.



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Dependency Overrides – Timeframe

- FAAs **required** to review all requests for dependency overrides as quickly as practicable, but no later than 60 days after the student enrolls.
 - Also applies to determinations of:
 - Unaccompanied homeless youth/at-risk
 - Foster care youth
 - Orphans
 - Wards of the Court



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New Aid Officer Training – October 5, 2023

Documentation

- Examples of what may constitute adequate documentation.
 - Includes
 - Documented interview between student and FAA
 - Supplementary information about financial status or personal circumstances of applicant as relates to special/unusual circumstances
 - For dependency override only, proof of student or parent incarceration, documented phone call or written statement confirming circumstances with certain authorities, documents demonstrating separation from parents



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Institutional Requirements

- Publicize opportunity to pursue PJ
 - How this is done is up to the school
- Prohibited from having a policy to deny all PJ requests and must consider such requests
 - Must develop policies and procedures for reviewing those requests



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New Aid Officer Training – October 5, 2023

PJ During Emergencies

- Codifies previous ED guidance that during qualifying emergency FAAs can set income to zero with documentation of unemployment benefits and that ED must adjust program review selection model to account for rises in PJ during emergencies



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38



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Overview of Professional Judgment
New Aid Officer Training – October 5, 2023



39